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How to choose stocks to daytrade: screening for high-percentage stocks

Main Points:

A Common Mistake new traders make is to try and daytrade either:

- The Top 10 Most Active Nasdaq stocks (MSFT INTC CSCO WCOM etc) or
- Cheap $2 -$10 stocks because they only have a few thousand in capital

The stocks that you daytrade should have the following characteristics:

- Average **spreads** of less than .15
- At least 1.2Million shares per day **average daily volume** (prefer 2M+ optimum)
- **Intraday average trading range of 5% or better** (eg a $40 stock should have a $2 intraday range (AMAT), a $60 stock should have a 3-point range (EBAY) etc. Where you get into "low-percentage commission churn daytrading" is trading 300-500 shares of MSFT at 65 with a 1 point intraday range, for example.
- You can also profitably play IPOs, news plays, earnings plays, upgrades/ downgrades and others, but for now I want you to start thinking about 3-5 stocks that you want to trade regularly.
- **Price of around $25 - $60** with a 5% intraday range are my favorites, best sectors are software, semiconductors and biotechs (for year 2002) you can of course also play the net stocks (EBAY), and other sectors as you wish.
- Here's a new one **for Level 2 players: make sure your stock has one of the "four horsemen" as an ax (MSCO MLCO SBSH GSCO)** vs archips "chippies" ARCA INCA that move the stock. Learn to follow these axes in and out of trades.
- See this page for how to choose stocks for swing trading (2 days to several weeks); including chart patterns.
- **My Favorite Daytrading Stocks for Year 2002**: (**SOX**): AMAT BRCM NVDA GNSS MXIM NVLS QLGC XLNX (**GSO**): CHKP SEBL VRSN VRTS (**NBI**) AMGN HGSI GENZ MLNM ; others: EBAY BRCD EMLX

Examples:

I like bigeasyinvestor.com (free software) for screening as well as the one at www.financialweb.com. **The best scanner out there is Tony Oz' Scanner for Realtick.**

for Realtick.
Here's a page on the subject from the registered "Daytrading Stocks Successfully" Screensaver:

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